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A RESOURCE GUIDE TO COSTING WORKPLACE PROGRAMS

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RTI has prepared this resource guide to assist grantees in developing a methodology to estimate the costs of their workplace program. The purpose of this guide is to present an overview of key ideas and to list resources that provide greater detail on those ideas. Copies of the references identified as “resources” are attached.

There are three key steps in developing a costing methodology. The first step is to know your intervention. This step answers the question, “What am I trying to find the costs of?” Before you can estimate the costs of an intervention, you need to clearly define the intervention and know what resources are used to provide that intervention. The second step is to know your perspective. This step answers the question, “Whose costs do I consider?” There are several different perspectives for which you can gather cost information. You need to determine the perspective that is most relevant for your analysis needs. The third step is to develop a cost instrument. This step answers the question, “How do I collect the cost information?” In the remainder of this guide, we outline each of these steps and provide a list of resources that describe each step in greater detail.

STEP 1: KNOW YOUR INTERVENTION

Purpose

1. To delineate clearly the intervention from any other services being offered.
2. To identify any and all activities that comprise the intervention (and are not research or related activities).
3. To identify all resources used to provide the intervention.
 - Labor resources (e.g., time from paid staff or volunteers)
 - Nonlabor resources (e.g., materials, equipment, building space)

Issues to Consider

1. How does the intervention differ from other existing services?
2. How does the intervention overlap with existing services?
3. What percentage of labor time is devoted to the intervention as opposed to existing services?

4. What proportion of nonlabor resources are devoted to the intervention as opposed to existing services?
5. Are any free and/or subsidized resources used in providing the intervention?
 - If so, what proportion of free and/or subsidized resources are devoted to the intervention as opposed to existing services?

Resources to Consult

Miller (1998): Step 1, Tasks 2 and 3

Bray et al. (1996): Case Study Worksite Descriptions

French, Zarkin, and Bray (1995): Process Description

Zarkin et al. (2003): All

STEP 2: KNOW YOUR PERSPECTIVE

Purpose

1. To determine those costs that are relevant to your analysis. Some common perspectives include the following:
 - Provider
 - Client
 - Employer
 - Society
2. To help determine where research ends and the intervention begins.
3. To focus your analysis to the proper audience.
4. To ensure that your costs correspond with our outcomes.

Issues to Consider

1. What is the perspective of your outcomes analysis?
2. Who is the target audience for your research and what perspective do they expect?
3. Should you consider calculating multiple costs estimates, each from a different perspective?
 - Do you need to consider costs incurred by patients/clients as a result of participating in the intervention?

- Do you need to identify the costs incurred by employers as a result of employees participating in the intervention?
- 4. Can you clearly distinguish those health care costs that are actual costs of the intervention versus outcomes the intervention is designed to affect?

Resources to Consult

Miller (1998): Step 1, Task 1

Bray et al. (1996): Introduction; Data and Methods

French, Zarkin, and Bray (1995): Cost Analysis

Zarkin et al. (2003): All

STEP 3: DEVELOP A COST INSTRUMENT

Purpose

1. To identify sources of cost data for each resource identified in Step 1.
2. To ensure that your cost estimates are from the same perspective as your outcomes.
3. To standardize the data collection process and insure comparability to other cost estimates.

Issues to Consider

1. Should you use budgets or expenditures?
 - Use of expenditure reports provides more accurate information on actual, out-of-pocket expenditures, whereas budgets only provide information on projected expenses.
2. Does your instrument collect cost information on all resources identified in Step 1?
 - Does it collect the provider's out-of-pocket expenses for all the resources used in the intervention?
 - Does it collect the estimated market value of resources used in the intervention that are subsidized or used free of charge?
3. Does it collect costs from the perspective identified in Step 2?
 - For example, if your perspective includes the client, does the instrument collect information on the value of the client's time devoted to the intervention?
4. Have you accounted for inflation appropriately?

Resources to Consult

Miller (1998): Step 3 and Step 4

Bray et al. (1996): Data and Methods

French et al. (1997): All

French, Zarkin, and Bray (1995): Process Description and Cost Analysis

RTI (1998): All

RESOURCE LIST

Bray, Jeremy W., Michael T. French, Brad J. Bowland, and Laura J. Dunlap. 1996. "The Cost of Employee Assistance Programs (EAPs): Findings from Seven Case Studies." *Employee Assistance Quarterly* 11(4):1-19.

French, Michael T., Laura J. Dunlap, Gary A. Zarkin, Kerry Anne McGeary, and A. Thomas McLellan. 1997. "A Structured Instrument for Estimating the Economic Cost of Drug Abuse Treatment." *Journal of Substance Abuse Treatment* 14(5):445-455.

French, Michael T., Gary A. Zarkin, and Jeremy W. Bray. 1995. "A Methodology for Evaluating the Costs and Benefits of Employee Assistance Programs." *Journal of Drug Issues* 25(2):451-470.

Miller, Ted. 1998. "Part 1: Steps in the Cost-Outcome Process." Paper distributed at the Third WMC Steering Committee Meeting, February 19-20.

Research Triangle Institute. March 1998. Employee Assistance Program Cost Analysis Program for Internal EAPs (EAPCAP-IN): Cost Interview Guide for Internal EAP Case Studies. Research Triangle Park, NC: Research Triangle Institute.

Zarkin, Gary A., Jeremy W. Bray, K.L. Davis, T.F. Babor, and J.C. Higgins-Biddle. 2003. "The Costs of Screening and Brief Intervention for Risky Alcohol Use." *Journal of Studies on Alcohol* 64(6):849-857.